

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS EMERGENCY MEETING

August 31, 2011

PUBLIC SESSION

An emergency meeting of the Board of Directors (the "Board") of the Small Business Loan Fund Corporation (the "Corporation") was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on August 31, 2011 at approximately 3:00 p.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by the By-Laws of the Corporation and by Rhode Island General Law 42-46-6.

The following Directors were present and participated throughout the meeting: Mr. Raymond Fogarty, Mr. Richard DeMerchant, Mr. William Parsons, and Ms. Leslie Taito.

The following Director(s) were absent: Mr. Thomas Stocker.

Also present were: Sean W. Esten, Corporation Administrator, Stacy Farrell, Corporation Staff, Susan Morgan, Corporation Administrator, Chris Cannata, Corporation Staff, and John Garrahy, Legal Counsel, Moses & Afonso, Ltd.

Mr. Fogarty presided over the meeting.

1. Call to Order.

Mr. Fogarty called the meeting to order at 3:03 p.m.

2. Tropical Storm Irene Loan Fund Set Aside Request- \$500,000

Mr. Esten explained to the Board that the reason for the emergency meeting was to seek approval of a disaster relief loan program for those small businesses in Rhode Island that were adversely affected by Tropical Storm Irene. He indicated that the term and conditions mirrored those of the Flood Loan program which was implemented in April of 2010. The total fund allocation was to be \$500,000, with a minimum request of \$10,000 and a maximum request of \$100,000. Those requests under \$50,000 would be analyzed and approved at a staff level without being presented to the Board for approval in order to expedite the receipt of funds by the borrower. Ms. Morgan asked if there were any loans which were denied when the flood relief program was offered. Mr. Esten indicated that two were denied based on the company having been out of business prior to the flood occurring. Mr. Fogarty advised the Board that it was his understanding that insurance coverage was expected to good based on the storm being a tropical storm and not categorized as a hurricane. In many cases insurance companies require a high deductible

toward damage caused by a hurricane. Mr. Esten further explained that a requirement of the program is that the applicants provide proof of an insurance denial to their claim, or should the program be used as a bridge until the company receives proceeds of an insurance claim, that an assignment of the insurance be made to the SBLFC. Mr. Fogarty and Mr. Parsons inquired whether restaurants could be considered under this program. Mr. Esten felt that the loss of food should generally be covered in the insurance policies of these establishments; however a restaurant could receive consideration under the program. Mr. DeMerchant asked if the applicants for these loans would qualify for the normal loan program. Mr. Esten confirmed that they would. The purpose of establishing this set of terms and conditions was to expedite the process. He also asked that the board consider allowing staff to approve up to the maximum \$100,000 request without presentation to the board. Mr. Fogarty asked that, should this be considered, staff should alert the board members via email each time a loan was approved and the amount approved. There being no further discussion, Mr. Fogarty asked that a motion be made. A motion was made by Mr. Parsons to approve the disaster relief fund as submitted, permitting staff to approve requests up to \$100,000, without board presentation. The board was to be notified upon approval of any loans of this program including the amount approved. The motion was seconded by Mr. DeMerchant.

The following Directors voted in favor of the foregoing: Mrs. Taito, Mr. DeMerchant and Mr. Parsons.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. Stocker.

There being no further business to come before the Board, Mr. Fogarty called for a vote to adjourn the meeting. Upon motion duly made by Mr. Parsons and seconded by Ms. Taito, the motion to adjourn the meeting was duly adopted.

The following Directors voted in favor of the foregoing: Mr. DeMerchant, Mr. Parsons, and Ms. Taito.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Stocker.

The meeting was adjourned at 3:11 p.m.

Respectfully submitted,

/s/ Sean W. Esten

Sean W. Esten, Administrator

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